

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SS-15 SP-02 L-03 NSC-05
CIAE-00 INR-07 NSAE-00 TRSE-00 OMB-01 AID-05
IGA-02 INT-05 COME-00 GSA-02 XMB-02 EB-07 PRS-01
/080 W

-----041453Z 072603 /41

R 041400Z JUN 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 3957

INFO AMEMBASSY PARIS

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PARIS FOR NETTLES

E.O. 11652: N/A

TAGS: EFIN EMIN EAID CG

SUBJECT: GOZ APPROACHES IBRD ON REVIVING SMTF

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1. SUMMARY: GOZ FINANCE MINISTER BOFOSSA HAS WRITTEN TO IBRD VICE
PRESIDENT WAPENHANS ASKING IBRD, WITHIN CONTEXT OF CONSULTATIVE
GROUP, TO HELP REACTIVATE THE SMTF COPPER MINING PROJECT.
EMBASSY CONCURS THAT REACTIVATION OF SMTF AN IMPORTANT DEVELOPMENT
PRIORITY AND SUGGESTS DEPARTMENT MAY WISH TO ASSURE THAT WAPENHANS
HAS RECEIVED BOFOSSA LETTER, WHICH WAS NOT SENT UNTIL MAY 31.
END SUMMARY. END LIMITED OFFICIAL USE.

BEGIN UNCLASSIFIED

2. EMBASSY HAS RECEIVED COPY OF LETTER GOZ FINANCE MINISTER BOFOSSA
WROTE ON MAY 31 TO IBRD VICE PRESIDENT WAPENHANS ASKING IBRD TO
HELP REACTIVATE SMTF COPPER MINING PROJECT. EMBASSY'S INFORMAL
TRANSLATION FOLLOWS: BEGIN QUOTE
MR. VICE PRESIDENT: AS YOU KNOW, ZAIRE PLACES GREAT HOPE ON
CONSULTATIVE GROUP MEETING OF WORLD BANK FORESEEN FOR JUNE 8-10,
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1977, IN PARIS. ZAIRE HOPES, IN FACT, THAT DOCUMENT IT HAS
PREPARED FOR THIS MEETING WILL ELICIT INTEREST AND PARTICIPATION
ON PART OF ITS PARTNERS IN FACING SITUATION AND ECONOMIC
PROSPECTS PRESENTED.
IN PARTICULAR, ZAIRE EXPECTS LARGER PARTICIPATION IN ITS
DEVELOPMENT EFFORT FROM FINANCIAL CONTRIBUTIONS TOWARD REALIZATION
OF ITS INVESTMENT PROJECTS.

AS YOU KNOW, ZAIRE HAS SELECTED CERTAIN NUMBER OF PROJECTS FOR WHICH IMPLEMENTATION IS CONSIDERED INDISPENSABLE FOR RECOVERY AND PURSUIT OF ITS DEVELOPMENT.

CERTAINLY, COSTS OF THESE PROJECTS ARE SO GREAT AS TO LEAD TO SHORTFALLS (OF RESOURCES) IN THE PRESENT STATE OF AFFAIRS. NEVERTHELESS, IT IS FOR ZAIRE TO INDICATE TO ITS PARTNERS IN WHICH DOMAINS OR SECTORS COOPERATION SHOULD BE ENVISAGED, EVEN WHILE REDUCING THE CONSEQUENTIAL COSTS.

IT IS IN THIS CONTEXT THAT I DRAW ATTENTION OF WORLD BANK TO A PROJECT TO WHICH ZAIRE ATTACHES GREAT IMPORTANCE--THE DEVELOPMENT OF COPPER DEPOSITS AT TENKE-FUNGURUME, IN SHABA.

THIS PROJECT HAS ALREADY BEEN SUBMITTED FOR THE STUDY OF THE WORLD BANK WHICH SINCE THAT TIME HAS KNOWN ITS ESSENTIAL CHARACTERISTICS.

NEVERTHELESS, I REMIND YOU THAT:

--IT CONCERNS RESERVES OF MORE THAN 50 MILLION TONS CONTAINING 5.7 PER CENT COPPER AND OFFERS PROSPECT OF CONSIDERABLE

IMPROVEMENT IN ZAIRE'S FINANCIAL SITUATION OVER NEXT FEW YEARS;

--THE EXECUTIVE COUNCIL IS CO-SHAREHOLDER IN COMPANY FOUNDED IN 1970 WITH AMERICAN, BRITISH, FRENCH AND JAPANESE INTERESTS WITH GOAL OF DEVELOPING THESE DEPOSITS;

--FOLLOWING COMBINATION OF ADVERSE CIRCUMSTANCES AND FINANCIAL DIFFICULTIES, PROCESS OF DEVELOPMENT OF SMTF WAS STOPPED IN FEBRUARY 1976. MORE THAN \$200 MILLION HAD ALREADY BEEN INVESTED IN THE PROJECT. SUPPLEMENTARY INVESTMENTS WERE MADE TO SUPPORT MAINTENANCE OF THE PROJECT TO POINT THAT TODAY TOTAL INVESTMENT EXCEEDS \$270 MILLION.

AT PRESENT, I UNDERSTAND THAT SOME HUNDREDS OF MILLIONS OF DOLLARS OF SUPPLEMENTARY FINANCING WILL BE NECESSARY TO COMPLETE LIMITED OFFICIAL USE

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PROJECT, BASED ON LEVEL OF PRODUCTION WHICH HAD INITIALLY BEEN ENVISAGED.

TO DEVELOP PROJECT ZAIRE WOULD LIKE TO OBTAIN NECESSARY FINANCING THROUGH THE WORLD BANK, THE IFC, EXIMBANK, OTHER PUBLIC LENDERS OR SIMILAR LENDERS BENEFITING FROM GUARANTEE OF THEIR GOVERNMENT, AND FROM ANY OTHER INVESTOR INTERESTED IN PROJECT.

EXECUTIVE COUNCIL OF ZAIRE WILL COOPERATE TOTALLY WITH WORLD BANK IN ELABORATION OF A NEW PLAN FOR PROJECT AND IT KNOWS THAT IT CAN OBTAIN COOPERATION AS WELL AS ALL NECESSARY INFORMATION FROM ITS PARTNERS IN SMTF, INCLUDING INFORMATION CONCERNING MOST RECENT STUDIES ON POSSIBILITY OF NEW ALTERNATIVE PRODUCTION LEVELS.

ALTHOUGH THE WORLD BANK AND PARTNERS IN SMTF COULD NOT AGREE IN JANUARY 1976 TO TERMS OF PARTICIPATION OF WORLD BANK/IFC, I HOPE SOLUTION WILL BE FOUND NOW IN ORDER TO REACTIVATE PROJECT.

IN MY OPINION, PROJECT CANNOT BE REACTIVATED SOON WITHOUT INITIATIVE AND DIRECTION OF WORLD BANK GROUP AND UNLESS WORLD BANK PREPARES NEW FINANCIAL PLAN IN WHICH IT HAS SUBSTANTIAL PARTICIPATION, WHILE AT SAME TIME INTERESTING OTHER LENDERS AND INVESTORS NECESSARY FOR COMPLETION OF PROJECT. AS I HAVE

ALREADY INDICATED, ZAIRE IS MOST INTERESTED IN DEVELOPING TENKE-FUNGURUME DEPOSITS BECAUSE OF THEIR IMPORTANCE IN DEVELOPMENT OF COUNTRY. ZAIRE DOES NOT ASK FOR IDA FUNDS NOR BILATERAL ASSISTANCE BUT RATHER SOLICITS YOUR AID WHICH IT DEEMS INDISPENSABLE FOR DEVELOPMENT OF THESE IMPORTANT DEPOSITS. I HAVE NO DOUBT YOU WILL CONSIDER THIS REQUEST AND I ASSURE YOU I AM READY TO OBTAIN AND PROVIDE ADDITIONAL GENERAL INFORMATION IF MEMBERS OF CONSULTATIVE GROUP SO DESIRE. MEMBERS MIGHT ALSO BE PROVIDED WITH COPY OF THIS LETTER IF YOU JUDGE IT USEFUL. I THANK YOU AND ASSURE YOU, MR. VICE PRESIDENT, OF MY VERY HIGH CONSIDERATION. (BOFOSSA, STATE COMMISSIONER FOR FINANCE. END QUOTE. END UNCLASSIFIED.

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3. COMMENT: EMBASSY CONCURS WITH BOFOSSA ARGUMENT THAT RE-ACTIVATION OF SMTF A MOST IMPORTANT DEVELOPMENT PRIORITY IN WHICH WORLD BANK PARTICIPATION WOULD BE USEFUL. SINCE IT HAS BEEN KNOWN ZAIRIANS INTENDED TO RAISE SMTF AT CONSULTATIVE GROUP, LIMITED OFFICIAL USE

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WE ASSUME IBRD HAS DONE SOME HOMEWORK ON PROJECT. HOWEVER, SINCE BOFOSSA LETTER IS DATED MAY 31, IT IS POSSIBLE IBRD HAS NOT YET RECEIVED IT. THEREFORE, SUGGEST DEPARTMENT CONTACT WAPENHANS, EXPRESS OUR SUPPORT OF CONCEPT OF ASSISTANCE TO SMTF AND, IF HE HAS NOT YET RECEIVED IT, ADVISE HIM OF BOFOSSA'S LETTER. WALKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, LOANS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA05299
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770200-0088
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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TAGS: EFIN, EMIN, EAID, CG, IBRD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/26984685-c288-dd11-92da-001cc4696bcc
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